

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2182**

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**Introduced by Assembly Member Huffman**  
*(Coauthors: Senators Liu and Pavley)*

February 18, 2010

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An act to amend Sections 5898.12, 5898.14, 5898.20, 5898.21, and 5898.22 of the Streets and Highways Code, relating to contractual assessments.

LEGISLATIVE COUNSEL'S DIGEST

AB 2182, as amended, Huffman. Contractual assessments: sewer lateral lines.

Existing law authorizes a legislative body of a public agency, as defined, to determine that it would be convenient and advantageous to designate an area within which authorized officials and free and willing property owners may enter into contractual assessments to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property.

This bill would expand these provisions to include contractual assessments to finance ~~sewer lateral lines~~ *onsite sewer improvements, as defined. The bill would permit onsite sewer improvements to be installed to convert residential, commercial, industrial, agricultural, or other real property from an onsite septic system to community sewer collection service and to modify or replace existing onsite sewer improvements.*

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 5898.12 of the Streets and Highways Code is amended to read:

5898.12. (a) It is the intent of the Legislature that this chapter should be used to finance public improvements to lots or parcels that are developed and where the costs and time delays involved in creating an assessment district pursuant to other provisions of this division or any other law would be prohibitively large relative to the cost of the public improvements to be financed.

(b) It is also the intent of the Legislature that this chapter should be used to finance the installation of distributed generation renewable energy sources or energy efficiency improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property.

(c) It is also the intent of the Legislature to address chronic water needs throughout California by permitting voluntary individual efforts to improve water efficiency. The Legislature further intends that this chapter should be used to finance the installation of water efficiency improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property, including, but not limited to, recycled water connections, synthetic turf, cisterns for stormwater recovery, and permeable pavement.

~~(d) It is also the intent of the Legislature that this chapter should be used to finance the replacement of sewer lateral lines permanently fixed to residential, commercial, industrial, agricultural, or other real property to provide water quality benefits to surface and groundwater due to aging and leaking sewer lines.~~

*(d) It is also the intent of the Legislature to address water quality needs throughout California by permitting voluntary individual sewer improvements that provide a public benefit. The Legislature further intends that this chapter should be used to finance the installation of onsite sewer improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property, for the installation of improvements to, and replacements of, existing onsite sewer facilities served by a community sewer system and conversion of the property from a septic system to community sewer collection and treatment service.*

1 (e) It is also the intent of the Legislature that a public agency  
2 in the process of establishing an assessment program, to the extent  
3 feasible, use a good faith effort to provide advance notice of the  
4 proposed program to water and electric service providers in the  
5 relevant service area, as set forth in Section 5898.24, to allow the  
6 most efficient coordination and collaboration between the public  
7 agency and water and electric service providers.

8 (f) This chapter shall not be used to finance facilities for parcels  
9 which are undergoing development.

10 (g) This chapter shall not be used to finance the purchase or  
11 installation of appliances that are not permanently fixed to  
12 residential, commercial, industrial, agricultural, or other real  
13 property.

14 (h) Assessments may be levied pursuant to this chapter only  
15 with the free and willing consent of the owner of each lot or parcel  
16 on which an assessment is levied at the time the assessment is  
17 levied.

18 SEC. 2. Section 5898.14 of the Streets and Highways Code is  
19 amended to read:

20 5898.14. (a) The Legislature finds all of the following:

21 (1) Energy and water conservation efforts, including the  
22 promotion of energy efficiency improvements to residential,  
23 commercial, industrial, agricultural, or other real property, are  
24 necessary to address the issue of global climate change. *To improve*  
25 *the quality of surface water and groundwater, necessary efforts*  
26 *include the promotion of onsite water improvements that provide*  
27 *a public benefit in water quality protection.*

28 (2) The upfront cost of making residential, commercial,  
29 industrial, agricultural, or other real property more energy and  
30 water efficient, *converting from an onsite septic system to sewer*  
31 *collection service, or making needed improvements to, or*  
32 *replacements of, existing sewer laterals*, prevents many property  
33 owners from making those improvements. To make those  
34 improvements more affordable and to promote the installation of  
35 those improvements, it is necessary to authorize an alternative  
36 procedure for authorizing assessments to finance the cost of energy  
37 and water efficiency improvements *and onsite sewer improvements.*

38 (b) The Legislature declares that a public purpose will be served  
39 by a voluntary contractual assessment program that provides the  
40 legislative body of a public agency with the authority to finance

1 the installation of distributed generation renewable energy sources,  
2 ~~sewer lateral lines onsite sewer improvements~~, and energy or water  
3 efficiency improvements that are permanently fixed to residential,  
4 commercial, industrial, agricultural, or other real property.

5 SEC. 3. Section 5898.20 of the Streets and Highways Code is  
6 amended to read:

7 5898.20. (a) (1) The legislative body of a public agency may  
8 determine that it would be convenient and advantageous to  
9 designate an area within the public agency, that may encompass  
10 the entire public agency or a lesser portion, within which authorized  
11 public agency officials and property owners may enter into  
12 voluntary contractual assessments for public improvements and  
13 to make financing arrangements pursuant to this chapter.

14 (2) The legislative body of a public agency may also determine  
15 that it would be convenient, advantageous, and in the public interest  
16 to designate an area within the public agency, that may encompass  
17 the entire public agency or a lesser portion, within which authorized  
18 public agency officials and property owners may enter into  
19 voluntary contractual assessments to finance the installation of  
20 distributed generation renewable energy sources, ~~sewer lateral~~  
21 ~~lines onsite sewer improvements~~, or energy or water efficiency  
22 improvements that are permanently fixed to real property pursuant  
23 to this chapter.

24 (b) The legislative body shall make these determinations by  
25 adopting a resolution indicating its intention to do so. The  
26 resolution of intention shall include a statement that the public  
27 agency proposes to make voluntary contractual assessment  
28 financing available to property owners, shall identify the kinds of  
29 public works, distributed generation renewable energy sources,  
30 ~~sewer lateral lines onsite sewer improvements~~, or energy or water  
31 efficiency improvements that may be financed, shall describe the  
32 boundaries of the area within which voluntary contractual  
33 assessments may be entered into, and shall briefly describe the  
34 proposed arrangements for financing the program, including a  
35 brief description of criteria for determining the creditworthiness  
36 of a property owner. The resolution of intention shall state that it  
37 is in the public interest to finance the installation of distributed  
38 generation renewable energy sources, ~~sewer lateral lines~~, energy  
39 or water efficiency improvements, or ~~all of them onsite sewer~~  
40 *improvements, or a combination of those improvements*, pursuant

to paragraph (2) of subdivision (a), if applicable. The resolution shall state that a public hearing should be held at which interested persons may object to or inquire about the proposed program or any of its particulars, and shall state the time and place of the hearing. The resolution shall direct an appropriate public agency official to prepare a report pursuant to Section 5898.22 and to enter into consultations with the county auditor's office or county controller's office in order to reach agreement on what additional fees, if any, will be charged to the city or county for incorporating the proposed voluntary contractual assessments into the assessments of the general taxes of the city or county on real property.

(c) As used in this chapter, each of the following terms shall have the following meaning:

(1) "Efficiency improvements" means permanent improvements fixed to residential, commercial, industrial, agricultural, or other real property.

(2) "Legislative body" means the governing body of a public agency.

(3) (A) For the purpose of financing the installation of water efficiency improvements or ~~sewer lateral lines~~ *onsite sewer improvements*, "public agency" means a city, county, city and county, municipal utility district, community services district, sanitary district, sanitation district, or water district, as defined in Section 20200 of the Water Code. The definition of "city" in Section 5005 shall not apply to this subparagraph.

(B) For the purpose of financing the installation of distributed generation renewable energy sources or energy efficiency improvements, "public agency" means a county, city, city and county, or a municipal utility district, an irrigation district, or public utility district that owns and operates an electric distribution system. The definition of "city" in Section 5005 shall not apply to this subparagraph.

(C) For the purpose of financing the public improvements, "public agency" means a city as defined in Section 5005.

(4) *"Onsite sewer improvements" means permanent sewer improvements fixed to real property that convey sewage from the property's interior plumbing to the point of discharge into the public agency's sewer facilities, and may include, but is not limited to, pipes, pumps, other equipment, sewer laterals, septic system*

1 *abandonment, or one-time charges for sewage treatment capacity*  
2 *associated with the improvements. Onsite sewer improvements*  
3 *may be installed for either of the following purposes:*

4 (A) *To convert residential, commercial, industrial, agricultural,*  
5 *or other real property from an onsite septic system to community*  
6 *sewer collection service.*

7 (B) *To modify or replace existing onsite sewer improvements.*

8 SEC. 4. Section 5898.21 of the Streets and Highways Code is  
9 amended to read:

10 5898.21. Notwithstanding any other provision of this chapter,  
11 upon the written consent of an authorized public agency official,  
12 the proposed arrangements for financing the program pertaining  
13 to the installation of distributed generation renewable energy  
14 sources, ~~sewer lateral lines onsite sewer improvements~~, or energy  
15 or water efficiency improvements that are permanently fixed to  
16 real property may authorize the property owner to purchase directly  
17 the related equipment and materials for the installation of  
18 distributed generation renewable energy sources, ~~sewer lateral~~  
19 ~~lines onsite sewer improvements~~, or energy or water efficiency  
20 improvements and to contract directly for the installation of  
21 distributed generation renewable energy sources, ~~sewer lateral~~  
22 ~~lines onsite sewer improvements~~, or energy or water efficiency  
23 improvements that are permanently fixed to the property owner's  
24 residential, commercial, industrial, agricultural, or other real  
25 property.

26 SEC. 5. Section 5898.22 of the Streets and Highways Code is  
27 amended to read:

28 5898.22. The report shall contain all of the following:

29 (a) A map showing the boundaries of the territory within which  
30 voluntary contractual assessments are proposed to be offered.

31 (b) A draft contract specifying the terms and conditions that  
32 would be agreed to by a property owner within the voluntary  
33 contractual assessment area and the public agency.

34 (c) A statement of public agency policies concerning voluntary  
35 contractual assessments including all of the following:

36 (1) Identification of types of facilities, distributed generation  
37 renewable energy sources, ~~sewer lateral lines onsite sewer~~  
38 ~~improvements~~, or energy or water efficiency improvements that  
39 may be financed through the use of contractual assessments.

(2) Identification of a public agency official authorized to enter into voluntary contractual assessments on behalf of the public agency.

(3) A maximum aggregate dollar amount of voluntary contractual assessments.

(4) A method for setting requests from property owners for financing through voluntary contractual assessments in priority order in the event that requests appear likely to exceed the authorization amount.

(d) A plan for raising a capital amount required to pay for work performed pursuant to voluntary contractual assessments. The plan may include amounts to be advanced by the public agency through funds available to it from any source. The plan may include the sale of a bond or bonds or other financing relationship pursuant to Section 5898.28. The plan shall include a statement of or method for determining the interest rate and time period during which contracting property owners would pay any assessment. The plan shall provide for any reserve fund or funds. The plan shall provide for the apportionment of all or any portion of the costs incidental to financing, administration, and collection of the voluntary contractual assessment program among the consenting property owners and the public agency.

(e) A report on the results of the consultations with the county auditor's office or county controller's office concerning the additional fees, if any, that will be charged to the city or county for incorporating the proposed voluntary contractual assessments into the assessments of the general taxes of the city or county on real property, and a plan for financing the payment of those fees.

CORRECTIONS:

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